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Question:

Why does the FY 1968 budget reflect an increase of approximately [] in personnel compensation for PSI's and promotions?

Answer:

There are two basic reasons for the increase in FY 1968:

a. 1966 experience shows that [] PSI's were granted to Agency employees with an approximate annual cost of []

b. There will be a net increase in salary costs due to promotions of people previously hired at grades lower than the approved position level. However, this increase will be partially offset by the fact that the average grade of people separating in 1968 will exceed the average grade of those recruited.

With the above two factors in mind, we looked at previous experience; in FY 1966 average salary increased by []. Thus, our FY 1968 estimate is probably low; however, in preparing our FY 1968 budget we held to a [] limitation. Any additional amounts realized in FY 1968 will have to be absorbed at the expense of other programs.

Question:

Will this upward trend continue in future years? YES

Answer:

A major consideration in projecting future year costs is the impact that shifts in program emphasis and assumption of new missions will have upon the "mix" of Agency positions -- particularly the increased emphasis being placed upon development and implementation of scientific collection programs. Directly related to the changes in programs, functions, and duties of positions are the increased requirements for well-qualified scientific type personnel commanding higher salaries than junior level professionals in other academic fields. These and other hard-to-get categories are in great demand by industry, and we find

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that we must make increased use of the CSC approved advanced in-hiring rates in order to compete.

Another major factor having a direct bearing upon average salary expansion is the effect of the "underslotting" principle followed by the Agency, whereby personnel are normally hired at levels one or more grades below the approved position level. As the Agency matures and these people receive merited promotions, a closer relationship between position grades and personnel grades will occur.

The above two factors will produce minor increases in future year average salary costs until the Agency attains a balance between the level of personnel maturity required (as reflected by approved program and position grade structures) and actual on-board expertise. However, as you know we pursue a conservative policy with respect to salary levels given to new personnel and numbers of promotions granted.

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CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP											
TO	NAME AND ADDRESS						DATE		INITIALS		
1	Mr. Robert Michaels										
2	Staff Member										
3	House Appropriations Committee										
4											
5											
6											
ACTION				DIRECT REPLY				PREPARE REPLY			
APPROVAL				DISPATCH				RECOMMENDATION			
COMMENT				FILE				RETURN			
CONCURRENCE				INFORMATION				SIGNATURE			
Remarks:											
<p>Bob:</p> <p>The attached is submitted in</p> <p>response to questions you posed during</p> <p>our recent meeting.</p> <p>If you need more information, please</p> <p>let me know.</p>											
FOLD HERE TO RETURN TO SENDER											
FROM: NAME, ADDRESS AND PHONE NO.										DATE	
John M. Clarke, D/PPB										5/4/67	
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TRANSMITTAL SLIP		DATE
TO: <i>OLC</i>		
ROOM NO.	BUILDING	
REMARKS: <i>Ding to Michaels 5 May '67</i> <i>[Signature]</i>		
FROM:		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)